



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

PRESENT CONDITION OF INTERNATIONAL TRADE

BY JOHN J. MACFARLANE,

Librarian and Statistician, Philadelphia Commercial Museum.

The total value of international trade is now double what it was in 1880, when it amounted to 14,500 million dollars. In 1900 it was 21,500 million dollars, and in 1907, 30,854 million, an increase of 9,354 million in seven years, a greater increase than in the preceding twenty years.

The value of the imports in 1907 was 16,329 million dollars and of the exports 14,525 million. Although imports and exports include the same articles and should be of equal value, the total combined value of the imports of all nations is always about ten per cent greater than that of the exports. This arises from the fact that in some countries the cost of freight and insurance is added to the invoiced value of the goods, and in others a system of evaluation of imports is adopted, which is usually larger than in the country from which the goods are exported.

The total value of the world's commerce in 1908 was about 28,720 million dollars, or 2,154 million less than in 1907. The imports amounted to 15,120 million dollars and the exports to 13,600 million. The charts give the value of the imports for home consumption into and the exports of domestic products from every country, in which they amounted to over 100 million dollars in 1908. They also indicate how much the value is greater or less than it was in 1907 by prefixing plus or minus signs to the difference.

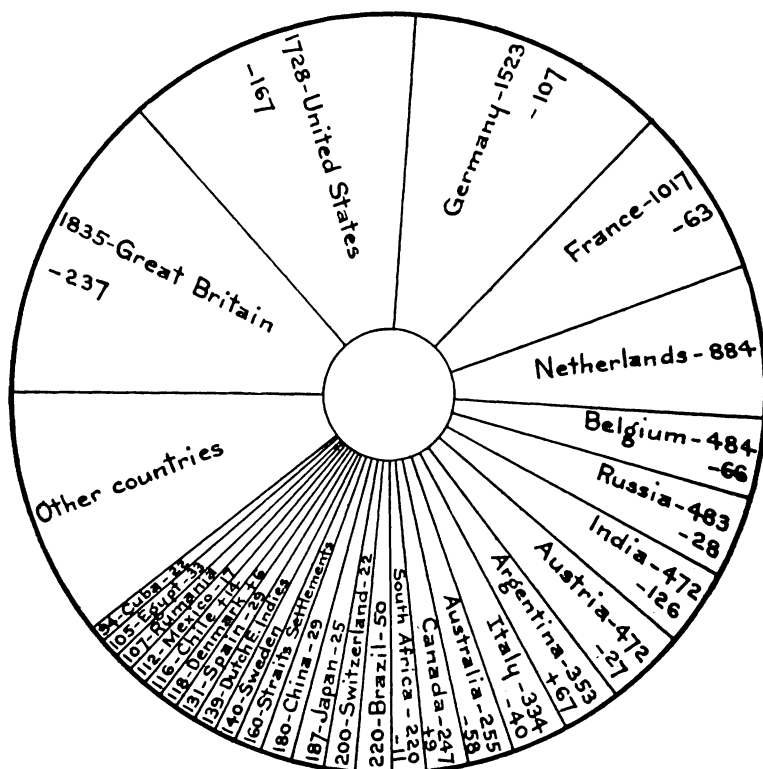
Two-thirds of the value of the commerce of the world is made up of the exports from and the imports into European countries. If the value of the trade of the United States is added to this it will be over three-fourths. The combined commerce of all countries in Asia, Africa, Oceania, South America and North America, outside of the United States, is less than one-fourth that of the whole world.

It can also be readily seen from the charts that the combined value of the exports from and the imports into four countries—Great Britain, Germany, the United States and France—makes nearly

one-half of the world's trade. The combined values of the countries given in the chart amount to about ninety per cent of the total trade. The 1907 values for the Netherlands,¹ Dutch East Indies, Straits Settlements, Turkey, Sweden and Roumania are given in the charts, as those of 1908 are not yet available.

COMMERCE OF THE WORLD

EXPORTS OF DOMESTIC PRODUCTS, 1908. TOTAL VALUE—\$13,600,000,000



Values by countries given in millions of dollars. "+" and "-" indicate the difference between 1908 and 1907.

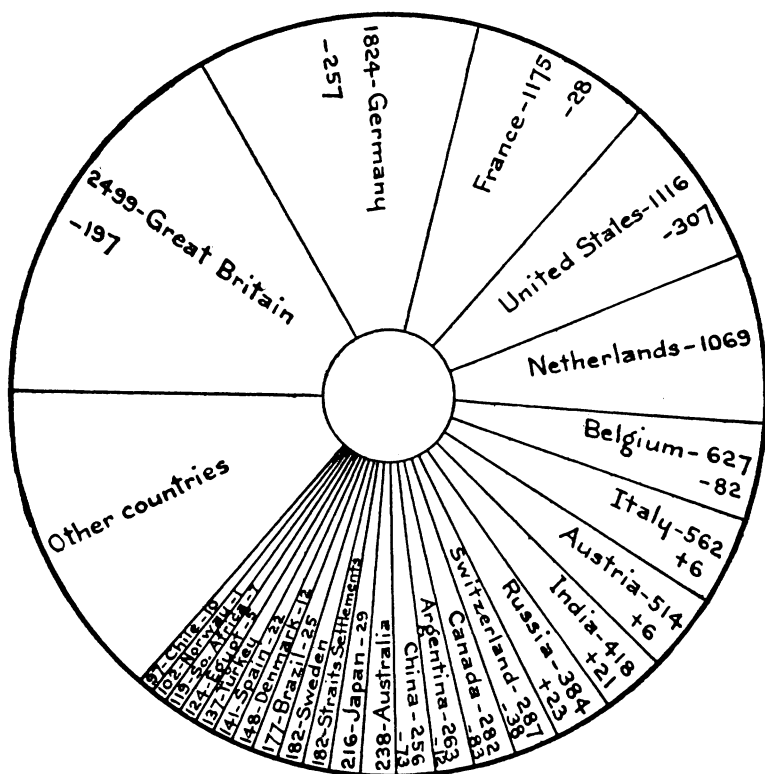
The imports of every nation decreased in value, excepting Italy, Russia, India and Austria Hungary. In like manner, the exports of every nation decreased, excepting Argentina, Chile,

¹ Netherlands, 1908—Imports, 1,134 million dollars; Exports, 876 millions.

Canada and Denmark. The largest decreases in imports were in the United States, 307 million dollars; in Germany, 257 million; in Great Britain, 197 million; in Canada, 83 million; in Belgium, 82 million; and in China, 73 million. In exports, the largest decreases were in Great Britain, 237 million dollars; in the United States,

COMMERCE OF THE WORLD

IMPORTS FOR CONSUMPTION, 1908. TOTAL VALUE—\$15,120,000,000.



Values by countries given in millions of dollars. "+" and "-" indicate the difference between 1908 and 1907.

167 million; in India, 126 million; in Germany, 107 million; in Belgium, 66 million; in France, 63 million; in Australia, 58 million; and in Brazil, 50 million. The only very large increase was 68 million dollars in the exports from Argentina.

How general the depression of commerce throughout the world was in 1908 is readily seen from the predominance of minus signs before the differences between the trade of 1907 and 1908. This depression was the result of a number of causes, but it is generally attributed to the financial panic in the United States in October, 1907. The public knew no other reason for so sudden a collapse of financial credit and therefore took an effect for a cause.

Five years of prosperity had succeeded each other and it seemed at times that in some lines of business it was almost impossible to supply the demand. New mills were erected or new machinery installed in order to increase the output. Over three million spindles a year were added in the cotton industry alone, but there was no corresponding increase of consumption. As a natural result of the increased output, supply soon overtook demand. Then large stocks of goods began to accumulate in the leading centers, waiting for a hoped-for increase in demand to take them off the market. In addition, in many small markets, where no one had any suspicion of their existence, smaller stocks were being held. In this way a condition was created which would be affected adversely by influences which under ordinary circumstances would have no effect.

In Southern and Eastern Asia lie two countries—India and China—in which nearly half of the people of the world are to be found. Anything that affects these people injuriously is bound in time to react on the rest of the world. In 1907, the southwest monsoon, which occurs from June to September, failed, and famine conditions with their accompanying distress extended over an area of 133,000 square miles, with a population of fifty million.

The production of nearly all the food products in India was short, leaving the millions engaged in raising them without the regular pay for their labor, and as a consequence unable to buy the usual quantities of food and clothing. The effect of this was not immediately apparent in the statistics of trade. India exported 498 million dollars' worth of goods in 1907, but in 1908 their exports fell off 126 million dollars, thus showing how much India had suffered.

The great financiers of New York and elsewhere, through their unusual facilities for obtaining information, knew all about the failure of the monsoon and that there would be a failure in the

crops of India, before any indications of it reached the general public. They immediately began to take in sail and prepare to save their interests from the coming storm. Others seeing their actions, but not knowing the cause, took fright and followed their example. Soon the general confidence was lost and the panic was on.

This panic made New York and other financial centers draw on the gold reserves. As a consequence of this a fall in the price of silver followed, and the Chinese Haikwan tael decreased in value from seventy-nine or eighty cents to sixty-five cents, thus lowering the purchasing power of China. In 1908 the value of the exports from China had fallen from 209 million dollars in gold to 180 million, and the imports into China from 329 million to 256 million. This falling off reacted on Japan, as well as India and other countries, and the exports from Japan fell off twenty-six million dollars.

The depression of commerce in 1908 is, therefore, like most economic conditions, the result of a number of causes. First in point of time came the unwise overproduction of the manufacturing industries of the United States and Europe, causing a large accumulation of unsold goods. Next, the failure of the southwest monsoon in far-off India, resulting in famine and the consequent underconsumption of food and clothing among hundreds of millions of people. This made it certain that the accumulated stocks could not be sold at current prices. Then followed the endeavors of the financiers of New York to save their interests from the impending storm, which precipitated the financial panic of 1907, the effects of which soon reached every country in the world. From this may be learned the lesson that no country is benefited in the long run by the misfortune of another; that losses arising from famine and pestilence, from wars, from poor government, or bad economic conditions, wherever occurring, affect all.

Turning to the consideration of the present condition of the world's trade, a fair idea of it can be obtained from a study of the following table, in which the value of the imports and exports of the countries named are given for as many months of 1909 as statistics are available at the time of writing. The values for the same periods of 1907 and 1908 are added in order to show the progress of the trade. The complete change in the course of trade in 1909 from that of 1908 is evident at a glance. In 1908, as

COMPARISON OF TRADE OF 1909 WITH THAT OF 1908 AND 1907.

COUNTRIES.	No. of mos.	IMPORTS.			Increase or decrease in 1909 compared with 1908.	EXPORTS.			Increase or decrease in 1909 compared with 1908.
		1907.	1908.	1909.		1907.	1908.	1909.	
Argentina.....	6	125.9	126.6	136.2	+ 9.6	178.9	215.1	242.8	+ 27.7
Australia.....	6	118.6	115.8	112.9	- 2.9	147.6	136.7	143.1	+ 7.6
Austria-Hungary.....	6	234.6	253.6	267.0	+ 13.4	222.0	225.2	226.2	+ 1.0
Belgium.....	7	412.0	353.4	379.8	+ 26.4	293.0	266.5	273.2	+ 6.7
Brazil.....	6	91.9	90.2	82.2	- 8.0	144.0	96.3	114.3	+ 18.0
Canada.....	7	216.8	162.7	190.9	+ 28.2	117.6	120.1	121.3	+ 1.2
France.....	8	794.1	712.1	752.1	+ 40.0	714.1	630.9	678.9	+ 48.0
Germany.....	6	1,034.1	908.4	955.0	+ 46.6	787.0	737.0	739.0	+ 2.0
India.....	6	186.7	219.2	176.7	- 42.5	334.3	249.4	287.2	+ 37.8
Italy.....	7	347.8	327.7	359.7	+ 32.0	218.9	194.3	203.9	+ 9.6
Japan.....	7	152.5	144.5	123.9	- 20.6	117.6	102.3	107.8	+ 5.5
Mexico.....	6	61.8	49.2	41.9	- 7.3	65.0	57.4	61.0	+ 3.6
Russia.....	6	164.8	183.9	182.8	- 1.1	198.0	180.2	262.4	+ 73.2
South Africa.....	6	64.2	60.7	61.2	.5	116.3	108.0	115.5	+ 7.5
Switzerland.....	6	155.4	138.1	143.8	+ 5.7	107.9	96.8	100.5	+ 3.7
United Kingdom.....	8	1,768.9	1,631.6	1,651.6	+ 20.0	1,382.5	1,236.0	1,180.7	- 46.3
United States.....	8	1,001.7	700.0	946.5	+ 246.5	1,196.2	1,091.1	1,007.4	- 83.7

(Values given in millions of dollars.)

shown in the charts, decreasing trade is the rule; in 1909, as shown in the table, increasing trade is the rule. Only six countries show a decrease in imports—India, Japan, Brazil, Mexico, Australia and Russia; and only two a decrease in exports—the United States and Great Britain. Four countries—Argentina, Austria-Hungary, Russia and Italy—imported more than in 1907; and four—Argentina, Austria-Hungary, Russia and Canada—exported more than in 1907.

The United States and Great Britain are the largest exporting nations in the world. In the United States, the exports were 83 million dollars less than in 1908 and 188 million less than in 1907. In Great Britain, the exports were 46 million less than in 1908 and 192 million less than in 1907.

The falling off in the United States is mainly in raw cotton and a number of food products. The falling off in these is equal to the total decrease in the value of all products, as can be seen from the following table, where the values are given in millions of dollars:

	1907.	1908.	1909.	Decrease.
Cotton	238	212	193	19
Wheat	29	53	21	32
Flour	40	38	26	12
Cattle	23	16	10	6
Fresh beef	19	10	6	4
Bacon	15	18	15	3
Pork	11	7	3	4
Hams	17	17	15	2
	<u>392</u>	<u>371</u>	<u>289</u>	<u>82</u>

This falling off is due to the high prices of raw cotton, wheat and flour, which the markets of the world are not yet willing to pay. There was also a decrease in the quantity of wheat and flour exported, as well as in the value. Of raw cotton, seventy million pounds more were exported than in 1908.

In Great Britain the falling off in the values of three articles is more than the total decrease, as is shown in the following table, in which the values are given in millions of dollars:

	1907.	1908.	1909.	Decrease.
Cotton yarn and textiles	370	335	306	29
Machinery	102	103	93	10
New ships	35	29	20	9
				<u>48</u>

Nearly one-half of the loss is in the value of the exports of cotton goods, yarns, etc., to India, which fell off twenty-five million dollars from that of 1908.

The facts given in the charts and tables will enable any one to form his own opinion as to the course of trade during the last three years.

In Great Britain and Germany, in 1909, there was a great falling off in the value of textiles exported, especially cotton goods; and in the United States, in the exports of cotton. The imports of raw materials will show whether the manufacturing countries have exhausted their stock and are ready to make new textiles. The imports of wool into the United States have increased twenty-three million dollars; into Great Britain, sixteen million; and into Germany, fifteen million. The imports of silk into the United States have increased fourteen million dollars; into Germany, three million; but those into Great Britain have decreased slightly.

Cotton, the most important of all, and one of which the United States does not import any quantity, being the largest producer, does not show any great increase in value. In Great Britain it fell off one million dollars, although it increased two million pounds. In Germany it increased two million dollars in value and in quantity eight million pounds.

In jute, the United States increased its imports over one million dollars, while those of Great Britain decreased three million. In hides and skins, the United States increased twenty-five million dollars; Great Britain, six million; and Germany, four million. In rubber, the United States increased seventeen million; Great Britain, thirteen million; while Germany fell off slightly.

Taking these as examples it will be found that the *tendency* in these countries is an increased use of raw materials, but that in the United States the increase is far greater than in either of the other countries. This increase of imports in the large manufacturing countries is the most promising feature in the world's trade, because it means that the money from wealthy nations is going to the suppliers of raw materials. This will enable them to purchase the manufactured products of other nations, by exchanging their raw materials and food products for them, so that next year the non-manufacturing countries will increase their imports and wipe out the decrease in exports of the two leading countries.

Three nations will be the leading competitors in the future trade. Each of them has certain advantages which the other does not possess. Great Britain has the accumulated capital arising from its manufacturing industries during a long period of freedom from invasion. It also has the inherited skill and tendency for commercial and industrial operations. It is the leading shipping nation of the world, the trade of other countries being largely carried on in its vessels. It is the leading banking nation of the world, London at present being the world's financial center, although it may not be long until that is shifted to New York.

Germany has the advantage derived from the careful development of its industries through the scientific skill of those in charge of them. This is largely the result of their system of education. It also has the advantage in foreign trade of habits of working together for an end, and the influence which the German government, more than any other, gives to advance the trade of the individual German merchant or corporation. As a result of its military system, the habit of following the government's orders is extended into business lines.

The United States has more of the material resources necessary for the expansion of trade, both at home and abroad, than any other nation. If it were not that its manufacturers and merchants were so busy keeping up with the demands of home trade, their competition in the foreign markets would be more dangerous to their rivals.

To-day, the United States is the greatest agricultural nation in the world, 8,000 million dollars' worth of grain, cotton and other farm products being raised annually. This is more than any other two nations in the world. The United States is also the greatest mineral producing nation of the world, the value of the annual product of its mines being over 2,000 million dollars, or more than all the countries of Europe combined. The value of the product of the coal mines of the United States is greater than that of all the gold mines in the world, and more than the value of all kinds of minerals produced in Great Britain or any other country.

The United States is also the greatest manufacturing country of the world, the output of its factories in 1905 being valued at 13,000 million dollars. The United States raises seventy-five per cent of the cotton of the world. It consumes twenty-nine per cent

of the world's product, or eight per cent more than Great Britain, the next largest consumer. It imports more silk, rubber, manila hemp, sisal hemp, hides and skins than any other country.

When we turn to the foreign trade we find that as yet the United States ranks below Great Britain and Germany in imports and below Great Britain in exports, according to the annual statistics. The rate of increase of the exports of the United States, however, is such that if continued it will soon surpass even Great Britain. This will be brought out more clearly in the following table, in which the average annual value of imports and exports for the decades mentioned are given:

Decade.	AVERAGE ANNUAL IMPORTS FOR HOME CONSUMPTION.			AVERAGE ANNUAL EXPORTS OF DOMESTIC PRODUCTS.		
	Great Britain.	Germany.	United States.	Great Britain.	Germany.	United States.
	Millions of Dollars.			Millions of Dollars.		
1880-1889.....	1,610	768	676	1,119	749	759
1898-1907.....	2,297	1,542	963	1,464	1,236	1,469
Increase	687	774	287	345	487	710
Per ct. of increase	42.6	100.7	42.4	30.8	64.8	93.5

In this table the value of ships has been omitted from Great Britain, because they were not included in the statistics of that country prior to 1898, when for the first time the exports from the United States exceeded those from Great Britain. The trade of Hawaii and Porto Rico with the United States is not included since they came into the possession of the United States, although it would be fair to do so.

From this table it will be seen that Germany has increased its imports more than Great Britain, not only in percentage but also in actual value, and that the percentage of increase of the United States is about the same as that of Great Britain. We have been told by the political economists that high tariffs would prevent an increase of imports, and yet we have here two high tariff countries increasing their imports in a greater ratio than the great free trade country, and when we take up exports the contrast is still greater, the increase in the exports from the United States being more than double in value that of Great Britain.

Since the enactment of the Dingley tariff in the United States, in 1897, the average annual excess of exports over imports has been 500 million dollars. In the nine months of 1909 this excess has fallen to sixty million dollars, and while it is probable that the later months will increase this excess, it will still be far below the average.

The exports from the United States are changing in character. In 1899, forty-four per cent of the exports consisted of food products. In the first seven months of 1909 these products only represented 24.6 per cent of the total. This has been made up by an increase in the exports of manufactured products, which in 1909 amounted to 47.2 per cent, or nearly one-half, the balance being made up of crude materials for use in manufacturing, of which raw cotton was the principal part.

As to the future of the United States we cannot do better than quote the following from "The Statist." In speaking of the United States it says, "With this rapidly increasing population, this great accumulation of wealth, and the still vaster expansion of production, no doubt whatever can be entertained of the continued prosperity of the American people and of American industries. Only after there is no fresh land to put under cultivation, no new mines to open up, no additional oil-wells to tap, no new supplies of lumber to be cut, no further economies of transportation to be made, can there be even a diminution in the rate of expansion . . . all the signs and conditions are favorable to the continuance of this rate of expansion for the next ten years, the depression of trade resulting from the recent crisis is passed; already the volume of production and of trade is approaching the high-water mark of 1907, and in the next twelve months new records will be established by producers and manufacturers, by traders, by railways, by bankers, and by all others that will participate in the work of creating and distributing the unprecedented quantity of wealth that will be produced, consumed and accumulated."

The improvement in the condition of trade in the United States is already having its influence on other countries. The increase of 246 million dollars in imports has improved conditions of European and Asiatic countries, from which the bulk of these products has been obtained. The good harvests in Russia and other countries and the improved conditions in India, as a result of a

favorable monsoon, have increased the purchasing power of those countries.

One of the drawbacks to a rapid increase of the world's trade is the present high price of many of the products entering into it. This is no doubt due partly to the enormous increase in the production of gold, which is the measure of values under the present system of currency. The decreasing value of silver also acts as a drawback, because in China and other silver countries the ability to purchase where payment must be made in gold is very much decreased.

In the value of international trade the pendulum has started upward. The world has again entered an era of prosperity after a much shorter duration of financial depression than usual. We can all join heartily in the wish that nothing shall occur to mar the present bright prospects.